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Letter dated 3 April 2014 from the Chargé d'affaires a.i. of the Permanent Mission of the Sudan to the United Nations addressed to the President of the Economic and Social Council

I have the honour to attach herewith the national report of the Sudan on progress towards the achievement of the internationally agreed goals, including the Millennium Development Goals, for the annual ministerial review to be held during the high-level segment of the 2014 session of the Economic and Social Council (see annex).

I should be grateful if you would circulate the present letter and its annex as a document of the Council, under item 5 (c) of the provisional agenda.

(*Signed*) Hassan Hamid **Hassan**
Chargé d'affaires a.i.
Deputy Permanent Representative

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Annex to the letter dated 3 April 2014 from the Chargé d'affaires a.i. of the Permanent Mission of the Sudan to the United Nations addressed to the President of the Economic and Social Council

National report of the Sudan on progress towards the achievement of the internationally agreed goals, including the Millennium Development Goals

Summary

The current status of human development and Millennium Development Goal indicators suggests that the Sudan has made remarkable progress in regard to a number of them, particularly those relating to peace, health and education. Available evidence suggests that education, health, gender equity, social protection and standards of living have expanded significantly in spite of the numerous challenges facing the Sudan internally and externally. However, progress has been slowed by the eruption of violent conflict and the resulting impacts on institutional stability and social capital. While the human development trend at the country level shows some signs of recovery and growth over time, achievements across the regions and administrative states in the Sudan vary considerably, owing to the prevailing patterns of development. During the past two decades, the Sudan has made considerable progress in governance reforms and peacemaking. The signing of the Comprehensive Peace Agreement (2005), which ended the prolonged war in Southern Sudan, and the adoption of the federal system are among the major achievements.

Since independence, the Sudan has been confronted with a wide range of challenges that hinder its development. For instance, the social, economic and political costs of conflicts in the Sudan have been extremely high. The secession of South Sudan has resulted in two challenging issues that seriously affect the development performance of the Sudan. The first is the spread of conflict in new areas and the second is the loss of the bulk of oil revenues, resulting in far-reaching economic and social impacts. In addition, the Sudan is facing the challenge of overcoming inherited wide geographical disparities in development through the creation of an inclusive and broad-based growth in the presence of the current unilateral economic sanctions and the unresolved debt problem. Moreover, the Sudan is facing the challenge of dealing with massive population movement (internally displaced persons, refugees and migrants) caused by instability of the neighbouring countries and the continuation of internal conflicts. The Sudan also faces serious environmental challenges resulting mainly from the existing extractive livelihood systems, climate change and conflict. The enhancement of human and institutional capacities for better planning and implementation of development plans is quite crucial in post-conflict Sudan. Last but not least, the Sudan is challenged by creation of effective development partnerships with various actors, which would contribute effectively to meeting the growing development challenges.

In spite of the sizable development assistance provided by various development partners, the bulk of resources availed were humanitarian in nature. Moreover, evidence suggests that progress in respect of Millennium Development Goal 8, on developing a global partnership for development, has been disappointing owing to limited commitment by development partners. A significant share of donor assistance to the Sudan has been implemented through United Nations agencies, international

non-governmental organizations and international private contractors. Pooled funding has been the dominant modality; the World Bank and the United Nations are the largest implementing agencies, and the largest amount of support comes through the Multi-donor Trust Fund. However, there is growing concern as to the effectiveness of pooled funding projects and implementation modalities based on direct execution. Finally, to ensure optimal performance and progress towards achieving the Millennium Development Goals, the Sudan and its people will need to overcome a wide range of challenges. This requires commitment of the resources required, as well as efficient and effective planning, coordination and a true partnership approach among governmental and non-governmental organizations, the private and community sectors and the international community.

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I. Country context

Demography

1. The Sudan is one of the most geographically diverse countries in Africa, with a population divided along lines of ethnicity, tribe and economic activity. More than 40 per cent of its population is below 15 years of age, a typical feature of a developing country. High population growth in the country (2.4 per cent) implies enormous challenges in terms of service provision and acceleration of economic growth, as well as environmental sustainability, resource management and social equity. In spite of the rapid pace of urbanization (which rose from 8.3 per cent in 1956 to approximately 40 per cent in 2008), the Sudan remains rural in social, economic and cultural outlook, with the majority of its population (36,163,778 in 2013) living in rural areas. Sectoral distribution of the labour force shows that 44.6 per cent of the population is employed in the agricultural sector while 40.1 per cent is engaged in service sector activities. The industrial sector employs 15.3 per cent of the population. Overall, two thirds (64.4 per cent) of the population of the Sudan live in rural areas, with some states having a higher or lower proportion of rural populations. For example, only 19.1 per cent of the population of Khartoum state is rural, whereas 45 per cent of the population in Red Sea state is rural. The rural populations in the remaining states range from 67.8 per cent in White Nile state to 82.3 per cent in Northern state. However, the Sudan is currently experiencing a phenomenal level of rural-to-urban migration which is driven in part by drought and desertification and by the better living conditions in urban areas. The inadequacy of basic health and education services outside Khartoum also plays a role.

Economy

2. The exploitation of oil since 1999 has created a remarkable change in the structure of the Sudanese economy; from being predominantly reliant on agriculture for growth and exports, the country shifted to reliance on the oil sector. Because of oil, the Sudan experienced its longest and strongest period of growth since independence, when the size of the economy in terms of gross domestic product (GDP) grew substantially, with the real GDP growth rate averaging nearly 8 per cent during the nine-year period ending in 2008. The strong economic expansion generated by oil has, however, been unbalanced; the inherited regional inequality and disparity in service provision remain striking while exports of key products have fallen, in large part because of reduced competitiveness, leading to "jobless growth". The country remains with a substantial external debt that in 2012 amounted to about $43.2 billion in nominal terms (more than 70 per cent of GDP).[1] Although data gaps are substantial, it is believed that the majority of those who are economically active are involved in informal economic activities.[2]

3. The exploitation of oil has also created a major geopolitical shift in the foreign policy of the Sudan, allowing for new strategic relationships with key players in Asia, namely, India, Malaysia and, more importantly, China. Because of the strategic relationship with China, the Government of the Sudan managed to counterbalance the unilateral economic sanctions that have been in place since 1989.

[1] International Monetary Fund (IMF), "Sudan: 2013 article IV consultation", IMF Country Report No. 13/317 (Washington, D.C., October 2013).

[2] United Nations Development Assistance Framework, 2009-2012.

However, the secession of South Sudan on 9 January 2011, set in motion by the Comprehensive Peace Agreement signed in 2005, has created a new reality in the country, with far-reaching economic, political and social implications. The economic and financial losses related to the secession are substantial and have affected all the sectors of the economy.

Social

4. The performance of the Sudan in the social sector has been greatly affected by protracted conflicts and institutional deficiencies. The robust GDP growth over the past decade has not been broad based enough to effect a substantial reduction in poverty. The adoption of the federal system in the presence of inadequate institutional and human capacities has limited the ability of the Government to render local social services. Therefore, the process of decentralization, introduced in 1992 to address regional disparities in the country, has brought to light severe institutional and human capacity challenges.[3]

5. The Sudan has witnessed massive population movements (internally displaced persons) caused by natural disasters and conflicts. The internally displaced, essentially the product of war and conflict, especially in the Darfur region and Blue Nile state, are largely living in camps (Darfur), while others are either in squatter settlements (Khartoum) or invisible to the outside world (Nuba mountains and Blue Nile). The internally displaced are vulnerable to complex issues of human security and conditions.

Political

6. Since achieving independence in 1956, the Sudan has witnessed a remarkable level of political instability, as reflected by the six alternating democratic and military regimes. During the past decade, it has witnessed a challenging political process prompted by the signing of the Comprehensive Peace Agreement that ended the prolonged era of civil war between Northern and Southern Sudan, a process largely supported by international and regional efforts. In that regard, the Government successfully organized the national elections and referendum on self-determination in Southern Sudan, which was held on schedule in January 2011. However, following the secession of South Sudan, several issues remained unsolved, including border demarcation, instability in the Abyei area, oil-processing and exportation fees, debt and the armed forces of the Sudanese People's Liberation Movement-North which remained in Blue Nile and Southern Kordofan states. These issues have led to instability and tensions across borders and the resumption of conflict in Blue Nile and Southern Kordofan. Nevertheless, in response to the numerous challenges facing the Sudan, the National Congress Party, winner of the 2010 election, has formed wider government in which several political parties have participated. Recently, the President initiated a broad dialogue with all political parties with the objective of forming a unified national vision to address the numerous challenges confronting the Sudan, both internally and externally.

[3] African Development Bank Group, "Sudan: Country Brief — 2010/2011: Regional Department, East II (OREB)" (October 2012).

II. Situation analysis: achievements and challenges

Major achievements

7. The current status of human development and Millennium Development Goal indicators suggests that the Sudan has made notable progress in regard to a number of them, particularly those relating to peace, health and education. Available evidence suggests that education, health and standards of living have expanded in the Sudan over the past 30 years. However, progress has been severely slowed by the eruption of violent conflict and the resulting impacts on institutional stability and social capital.[4] Besides, while the human development trend at the country level has shown some signs of recovery and growth over time, achievements across the Sudan's regions and administrative states in the country vary considerably.

Governance and peacemaking

8. During the past two decades, the Sudan has made considerable progress in governance reforms and peacemaking. There were a number of achievements, including:

- Adoption of the federal/decentralization system with the objectives of promoting public participation, empowerment of communities and curbing regional disparities.
- Progress in building peace since the signing of the Comprehensive Peace Agreement in 2005. The Eastern Sudan Peace Agreement signed in 2006 is still functioning, with appreciated achievements. Following the signature of the Doha Document for Peace in Darfur in July 2011, key structures stipulated by the Agreement have been established and are functional. The Darfur Regional Authority was launched and assumed full functions in February 2012 and is now legally empowered to oversee recovery and development initiatives. The Council of the Authority, established in October 2012, operates as a supervisory body to monitor and organize the Authority's substantive competencies and to recommend legislative amendments where necessary.
- Adoption of the Interim National Constitution , which stresses commitment to a decentralized multi-party democratic system of governance; a peaceful transfer of power; values of justice, equality, human dignity and equal rights and duties of men and women; and political advancement towards the enhancement of economic development, promotion of social harmony, deepening of religious tolerance and building trust and confidence in the society.[5]
- Presidential and parliamentary elections held within the agreed time frame.
- The peaceful and credible completion of the South Sudan referendum in 2011.

[4] Sudan Ministry of Welfare and Social Security and United Nations Development Programme (UNDP), *Sudan National Human Development Report 2012* (UNDP Khartoum, 2012).

[5] Interim National Constitution of the Republic of the Sudan.

Growth in gross domestic product and reduction of poverty

9. In the early 1990s, the Sudan started to adopt and implement a package of home-grown economic reforms known as the economic liberalization policies.[6] However, starting in the late 1990s and continuing for about one decade, the Sudanese economy recorded good GDP growth, maintained a relatively stable exchange rate, held inflation down to single digits, substantially increased government revenues, and registered a sustainable external balance. The increase in foreign direct investment, largely driven by the oil sector as well as the boom in the services sector (especially construction, transportation and communication), has stimulated the recent growth performance. Up to 1999, the year in which Sudanese exports of oil began, the contribution of the petroleum sector to GDP was negligible. Prior to that date, the shortage of petroleum products was a permanent handicap impeding the economy, production and development. Since 1999, oil gradually became a cornerstone of the Sudanese economy, as indicated by its contribution to GDP, foreign trade and government revenue. Needless to say, the significant contribution of oil to one or all of the economic indicators meant it had a considerable impact over almost all aspects of the economy and society.

10. The situation changed dramatically after 2011 and the secession of South Sudan where the bulk of oil fields are located, leading to huge pressure on the economy of the Sudan. The economic deterioration, which had already started prior to separation owing to the global financial crisis, was further aggravated by the economic sanctions. Official estimates of the cost of the secession of South Sudan were a loss of 75 per cent of oil production, 50 per cent of budget revenues, more than 65 per cent of foreign exchange revenues and 80 per cent of total exports. As a result, the annual growth rate declined from more than 5 per cent in 2010 to about 2.5 per cent in 2011; in 2012, the economic growth rate was negative. Inflation, which fell to single digits during the high growth period, started to climb at unprecedented rates, reaching about 42 per cent in 2013 compared to 13 per cent and 15 per cent in 2010 and 2011, respectively.[7]

11. Following the secession of South Sudan, the Government of the Sudan adopted a three-year economic sustainability programme (2012-2014) designed to absorb the consequences of loss of oil revenues. The programme consists of four sets of policy measures (fiscal policies, monetary and credit policies, productive sector policies and social sector policies). Recent statistics show that, despite the numerous challenges, the economy recorded positive growth rates during 2011, 2012 and 2013, estimated at 2.5 per cent, 1.96 per cent and 3.6 per cent, respectively.[8]

12. The Sudan is committed to reducing the burden of poverty and, to this end, has attached great importance to improving public service delivery, creating employment and establishing safety nets. The trend of the Government's pro-poor spending has been increasing in recent years and, by means of the Investment

[6] The policies included reducing substantially government spending on basic social services, liberalizing internal and foreign trade, removing subsidies, devaluing the currency, raising taxes, curbing public employment and privatizing some State-owned manufacturing.

[7] Sudan Ministry of Finance and National Economy, "The real sector: current position, challenges and future prospects", paper presented at the first Economic Forum, Khartoum, 26 and 27 November 2012.

[8] Hassan Ahmed Taha , "Evaluation of the three-year programme for economic sustainability", paper presented at the second Economic Forum, Khartoum, 23 and 24 November 2013.

Encouragement Act, the Government has offered generous incentives to domestic and foreign investors to invest in agriculture, manufacturing and services with a view to increasing growth and employment. The Government has also initiated and expanded the provision of microfinance to a large segment of the population. Recently, the Government introduced social initiative programmes to support vulnerable groups which include the extreme poor, homeless, orphans and poor pensioners.[9]

13. Throughout the history of the Sudan, high levels of poverty were the outcome of a complex set of interrelated factors, including the bias against rain-fed agriculture (low productivity) and the absence of pro-poor policies,[10] the erosion of governance, the persistent traditional nature of the rural economy, the absence of disaster management strategies, the loss of land capability to desertification and the spread of conflicts within the context of an accelerated pace of population growth and globalization. Moreover, the economic embargo, the debt burden (with no relief) and the lack of development partners have worsened the situation.

Information and communications technology as a model for effective public-private partnership

The State, considering the obstacles and barriers facing the public sector in general, and the important sector of telecommunications in particular, adopted the Economic Rescue Programme, whereby the sector was liberated to perform in a free competitive environment. The Programme emphasized the role of the sector in the social and economic development process and demanded an end to the State monopoly that had existed thereto. The Programme invited the private sector to contribute to investment in the industrial sector, whether privately or on a principle of sharing with the public sector. Therefore, within the purview of the Economic Rescue Programme, many reform steps were taken to restructure the sector and eradicate the State monopoly.

Currently, the Sudan is considered to be one of the countries acceptably prepared for the information era. Internet usage statistics show that the Sudan has 6.5 million Internet users as of June 2012, representing 19 per cent of the population and 3.9 per cent of Internet connectivity. Furthermore, the Sudan is sixth on the list of Africa's top 10 Internet countries, despite high levels of poverty. Sudanese mobile users exceed 27 million. Therefore, the status of modern information technology and of the advanced communication technology recently established in the Sudan can provide an excellent opportunity to further information and communication technology for development within the strategies and approaches of the Programme, thereby achieving broader outreach and substantive development results.

[9] "Sudan: interim poverty reduction strategy paper", IMF Country Report No. 13/318 (Washington, D.C., October 2013).

[10] Adopted policies of adjustment and liberalization have particularly hit the poor, especially the rural population.

Education

14. Government policies are geared towards the provision of free and compulsory basic education for all. This commitment is reflected in the Interim National Constitution, as well as the Twenty-Five-Year National Strategy (2007-2031). The National Plan for Education for All, developed in 2003, contains detailed activities, programmes and an estimated budget. However, considerable efforts are still needed to ensure significant improvement in all basic education indicators in order to ensure quality education for all by 2015. In addition, there is also a Five-Year Plan (2007-2011) which is an integral part of the aforementioned Strategy. Both provide a roadmap for the further development of education with the aim of making solid progress towards achieving Millennium Development Goal 2 by 2015. The establishment of a directorate for girls' education, as stipulated in the Girls' Education Policy, at both the federal and state levels in 2000 represents one of the important policy tools for reducing gender gaps in education.

15. National education trends have served as the driver of human development progress in the Sudan over the past three decades. Combining gross enrolment ratios at all school levels and adult literacy, the education index for the Sudan has grown at nearly twice the rate of other Human Development Index components. Gains in primary and tertiary enrolment are largely behind the improvements in education. Between 2005 and 2009, the gross enrolment rate in basic education rose from 68 per cent to 82 per cent and the net admission rate in first grade rose from 29.7 per cent to 48 per cent. With regard to secondary education, the fastest relative growth during the past 10 years was recorded in 2008/2009, when it reached 6 per cent. Higher education witnessed significant expansion during the period from 1990 to 2011. In 1990, the number of institutions was limited (5 universities, 2 private colleges and 12 technical colleges). In 2011, the number of higher education institutions rose to 30 government universities, 6 private universities, 44 colleges and higher institutes and 20 technical colleges. Accordingly, the intake capacity of the higher education institutions reached more than 500,000 students, representing 10 per cent of the population aged 17 to 23 years.[11] Therefore, one of the important causes of the expansion in education has been tertiary-level enrolment.

16. The slow pace of improvement in literacy, however, highlights potential challenges in the quality of education.[11] Moreover, primary enrolment is the other central factor in education advances, although at a slower pace than university-level gains. Despite the persistent gender gap in primary education, there has been considerable improvement owing to the efforts made by the Government over the past five years. At the tertiary level, it is evident that there is a higher rate of enrolment of girls than boys.

[11] Hassan Abdel Ati, ed., "Sudan population: changes and challenges", National Population Council, Khartoum, 2012.

Contribution of United Nations agencies and their partners to education

United Nations agencies and their partners contributed significantly to the provision of educational services, particularly for the vulnerable in remote and war-affected areas. For instance, in 2012 sector partners together provided access to education for over 120,000 children, nearly 50 per cent of whom were girls. Moreover, over 220 classrooms were constructed or rehabilitated and some 1,250 teachers trained, contributing to a total of nearly 240,000 children receiving an improved quality of learning against a target of 350,000. (United Nations, Sudan: United Nations and Partners Work Plan 2013 (Office for the Coordination of Humanitarian Affairs, Sudan Office, 2012).)

Health

17. The strategic objectives of the health sector, as stated in the National Health Sector Strategic Plan (2012-2016), have been focused on improving equity in access to and utilization of health services and on improving the responsiveness and efficiency of the health system to meet the expectations and needs of the people. The strategic direction emphasizes the strengthening of primary health care, the strengthening of referral care by improving and ensuring the quality and efficiency of hospital services and ensuring social protection by increasing health insurance coverage, reducing reliance on out-of-pocket payments and providing a universal minimum package.

18. In spite of the numerous health-related risk factors prevailing in the Sudan, such as conflict, natural disasters and environmental hazards, some progress has been made in regard to health indicators: namely, those on malaria, infant mortality, child mortality and maternal mortality. The progress achieved in reducing child mortality has been modest and more efforts are needed to further reduce current child mortality rates.

19. Malaria is considered the major health problem in the Sudan. Estimates show that the rate of new infections in 2009 reached about 7,430 per 100,000 population. The Ministry of Health and the World Health Organization exerted enormous efforts to curb the epidemic. Those efforts have had a positive impact in reducing infection rates, with the national average falling from 33 per cent in 1990 to about 5 per cent in 2010.[11]

20. With regard to child mortality indicators, estimates show that the rate in the Sudan is relatively high compared to other countries with similar socioeconomic and cultural status. The infant mortality rate is estimated at 60 per 1,000 live births, more than one half of which are neonatal deaths (34 per 1,000 live births), with others occurring in the post-neonatal period. The under-5 mortality rate is estimated at 83 per 1,000 live births. There has been a significant decrease in the under-5 mortality rate in the Sudan over the years; it fell from 123 in 1990 to 83 in 2010 (a 33 per cent decline), while the neonatal mortality rate declined by only 11 per cent during the same period.[12]

[12] Sudan National Population Council, "Health-related Millennium Development Goals: progress made and agenda for post-2015" (Khartoum, 2013).

21. With regard to the maternal mortality rate, the national figure is estimated at 216 deaths per 100,000 live births, reflecting an observed enormous decline from 1990 estimates of 537 deaths per 100,000 live births. Interventions implemented in this area focused on increasing accessibility and improving the quality of reproductive health services through training of medical assistants in the provision of reproductive health services. In addition, intense awareness-raising efforts were exerted through the development of information, education and communication material addressing the various reproductive health issues, as well as through national and local broadcasting media in the various states.

Gender equity and empowerment of women

22. As discussed above, considerable achievements were realized in enhancing gender equality in access to basic social services. In addition, progress towards gender equality in the labour market was assessed on the basis of the share of women wage workers in the non-agricultural sector expressed as a percentage of total wage employment in that sector. Over the period 1990-2000, significant progress was made in the Sudan; the share of women in paid non-agricultural activity rose from 18 per cent to 30 per cent. However, the two most recent population censuses in 1993 and 2008 put women's economic participation rate at 26 per cent and 25 per cent, respectively.

23. Over the period 2004-2010, there was a 15 percentage point increase in the number of seats occupied by women in parliament. Currently, 25 per cent of the parliamentary seats are occupied by women compared with 9.7 per cent in 2004.

24. Among the interventions undertaken to improve gender equity and women's empowerment are the following:

- A national plan for combating gender-based violence, administered by the Unit for Combating Violence against Women, Ministry of Justice, was promulgated in 2005.
- The Government adopted a national policy on women's empowerment in 2007.
- The national civil servant law (2007) affirmed the principle of free competition in selection for jobs, reaffirmed the principle of equal pay for equal work and stressed selection and promotion according to merit.
- The 1991 criminal law was amended in 2009 to include a provision on special protection for women during armed conflict.
- The general directorate for developing and organizing the banking system adopted economic programmes responsive to women by means of a decree issued by the Sudan Central Bank in 2007.

25. Further efforts, however, are needed to eliminate disparities among regions and to narrow gender gaps in education and employment of women.

Social protection

26. Social protection policies and programmes in the Sudan include social insurance, for example, pensions (to ensure a minimum income in old age), health insurance (to protect the well-being of households in the face of adverse events), social assistance through targeted programmes (to increase the access of vulnerable

groups to basic services) and labour market policies and programmes (to promote employment, productivity and microfinance). These programmes complement the delivery of basic health and education services, financial services, the provision of utilities and economic infrastructure, and other policies and programmes aimed at reducing poverty and managing risk.

27. An important and primary social protection mechanism in the Sudan is *zakat*, an Islamic measure for wealth distribution and building of productive capabilities that is playing an important role as a source of social assistance for the poor. Expenditure on the poor from the *zakat* fund as a percentage of total government pro-poor spending constituted about 3.2 per cent in 2004. The contribution declined steadily thereafter, reaching 1.4 per cent of total pro-poor expenditure in 2008,[13] due mainly to an increase in government pro-poor spending.

28. One of the social support schemes adopted by the Ministry Welfare and Social Security is the Social Initiative Programme, which has eight components. The Programme is aimed at providing an integrated package of services for 500,000 families from the poorest households. In addition, the project is also aimed at providing a diverse range of health services, education and income-generating activities for other poor households. However, social protection schemes in the Sudan are challenged by the fiscal adjustments being undertaken in response to the reduction in oil revenues that followed the secession of South Sudan. This has led to the suspension of subsidies on key commodities in addition to other austerity measures which, coupled with the pressures on the foreign reserve position of the country, have aggravated the situation of the poor.

Community-driven initiatives

The biggest initiative by far is the Community Development Fund, which is financed by the Government and donors to the Multi-donor Trust Fund. The main objective of the Community Development Fund is to meet urgent community-driven recovery and development needs in the war-affected and underdeveloped areas of the Sudan, including North Kordofan, South Kordofan, Blue Nile and Kassala states and Abyei area, by providing social and economic infrastructure. Another key objective of the Fund is the empowerment of communities and local government entities to initiate and lead local-level, community-driven development activities. Since its establishment in 2006, the Fund has supported over 1,100 community initiatives intended to improve access to and quality of basic services for the communities affected by the conflict and that were less developed in the past. (International Monetary Fund, 2013)

[13] Sudan Ministry of Welfare and Social Security, National Population Council, "Sudan Millennium Development Goals progress report 2010" (Khartoum, 2010).

Sector-specific challenges

Economy

Loss of substantial share of oil revenues

29. As a result of the secession of South Sudan, the Sudan lost a considerable source of budget and external account revenues. Immediately after secession on 9 July 2011, the flow of oil revenue from the Southern Sudan oil fields, which had accounted for around 75 per cent of the Sudan's total oil production during the transitional period, stopped. The loss of oil revenues had a significant adverse impact on the Sudan's economic growth, mostly through reduced government consumption and investment, as well as a deteriorating trade balance. The share of the oil sector, prior to secession, is estimated to have accounted for about 16 per cent of GDP, 90 per cent of exports and about 54 per cent of budget revenue. Owing to the considerable losses in oil revenues (approximately $6 billion), the rate of economic growth slowed down by 2 per cent in 2012. Furthermore, the secession of South Sudan caused a loss of 20 per cent of GDP and 90 per cent of export revenue. On the fiscal front, the budgetary deficit reached 6 per cent of GDP. Hence, an unavoidable fiscal adjustment has significantly reduced public spending which had previously accounted for over 20 per cent of nominal GDP. In addition, inflation rates have increased tremendously and reached more than 40 per cent. The country is also facing serious shortages in foreign exchange reserves which have been almost depleted following the global financial crisis and the loss of oil revenues. This has led to considerable depreciation of the national currency and the re-emergence of an expanding parallel market for foreign currencies. Investment decisions are also expected to be affected by the unfavourable macroeconomic factors manifested in high inflation rates and restrictive measures in regard to exchange rates, adopted by the Government in view of the lack of foreign currencies.

Conflict and its cost

30. The social, economic and political costs of conflict in the Sudan have been extremely high and have involved the loss of human lives, enormous human insecurities, erosion of governance, massive loss of economic resources, derailing of development interventions, a wide sense of social despair and obvious political instability. The current Darfur crisis has resulted in a serious humanitarian crisis, manifested in a massive population movement in which people, mainly traditional farmers, have been displaced; hundreds of thousands have also been displaced in South Kordofan and Blue Nile states since 2011.

31. Other developmental costs of conflict are quite high but involve many complexities, which include widespread violence, especially against women and children; decline in production; destruction of physical, human and social capital; reduction of the country's investment ratio to less than one third of the potential ratio under normal conditions; and reduction of potential per capita GDP by a cumulative rate of 8 per cent.[14] In addition, such costs contribute to widening regional disparities that further perpetuate the persistence of conflicts.

[14] Ali Abdel Gadir and Paul Wani, "Opportunities and challenges in the post-peace era in Sudan", background paper presented to the United Nations Development Programme (UNDP) Sudan.

Education

- Education in the Sudan is facing a number of challenges that may hold back the realization of the ambitious objectives of the sector. These challenges include: Spread of poverty and illiteracy, among the major reasons that children from poor families are unable to attend school up to the end of the education cycle. The pressing need for children to contribute to household income, particularly in rural areas, negatively affects their education.
- The war, along with the devastation caused by HIV/AIDS, has left many children as orphans and heads of household. These children are less likely to attend school and more likely to drop out if already enrolled.
- The large-scale rehabilitation and reconstruction needs in regard to school facilities, accompanied by a shortage and inadequacy of the amount of funding available for education from various sources.
- The policy of decentralization of administration and management of basic education as the responsibility of local councils has to a great extent contributed to the very low level of education funding.

Health

32. Health in the Sudan is facing huge challenges in relation to the different levels of care and at the policy and community levels. These challenges are reflected in shortfalls in the availability of, accessibility to and quality aspects of health services, for example:

- Working in a large country with a population that is both thinly spread and highly mobile (e.g., refugees, displaced persons, nomads and massive rural-to-urban migration) adds another dimension to the challenges.
- Challenges emerged from decentralization where responsibility for the provision of basic health services was allocated to the state and local levels while the necessary funding transfers from the central government remained insufficient.
- Commitment of the necessary financial and human resources to implement the current strategies and policies effectively and efficiently.
- Inadequate national human resource management, worsened by a continuing brain drain of skilled personnel.
- Recurrence of natural and man-made disasters.

III. Challenges in meeting the Millennium Development Goals in 2015

Millennium Development Goals in the Sudan: progress and causes of shortfall

33. Putting into consideration the numerous internal and external challenges and complexities surrounding the adoption of the Millennium Development Goal planning framework in the Sudan, the following conclusions can be drawn in regard to achievements and failures:

Nature and characteristics of achievements	*Reasons for poor performance in regard to indicators*
Reasonable progress has been made towards several of the Goals, especially those concerning education, infant and child mortality, access to water and sanitation	Poor statistics and inadequate baseline data, especially in the states
The current Goal indicators reveal remarkable inequalities with respect to gender, rural and urban areas, and among and within states	Lack of financial resources needed for achievement of the Goals
As expected, the worst performance indicators were recorded in the conflict-affected areas	Poor capacities in the states for implementation or monitoring (technical and financial)
The greatest progress realized was in regard to education and the least was in respect of Goals 7 (environmental sustainability) and 8 (global partnership)	Wars and conflicts
Progress in education was mainly quantitative in nature and therefore more effort is needed to cater for qualitative aspects	Highly centralized planning, quick changes and limited follow-up to plans and failure to integrate into them the Millennium Development Goals
Progress in health was very much concentrated in towns and especially in Khartoum state owing to the inherited unbalanced distribution of facilities and personnel	Economic sanctions, poor foreign relations and failure to make use of Goal 8
	Strong central monopoly of financial decisions within the adopted federal system
	Global food and energy
	The 9/11 incident and the war on terror which changed the world's priorities
	Instability in the region: conflicts and wars in the Arab region (resources) and neighbouring African countries (refugees, instability)
	Global financial and economic crisis

Challenges in meeting the Millennium Development Goals and the realization of human development

Spread of conflict

34. Following the secession of South Sudan, disputes over the Abyei area continue and no agreement on border demarcation (which may lead to more armed clashes along the border) has yet been reached. In June 2011, the South Kordofan conflict erupted between the army of the Sudan and the northern groups of the Sudan People's Liberation Army over the Nuba Mountains and Blue Nile areas. More than 366,000 people remain either internally displaced or severely affected by the conflicts in South Kordofan and Blue Nile, and some 109,000 others have fled to South Sudan and Ethiopia.[15]

35. As discussed above, conflict destroys accumulated physical and human capital, forces the replacement of labour and results in a deteriorating institutional capacity. A country experiencing conflict cannot secure long-term returns for investments in

[15] Office for the Coordination of Humanitarian Affairs, "Sudan Humanitarian update, fourth quarter 2011".

both its physical and human capital, which may result in low investment in health and education. All of these factors eventually lead to low levels of human development. A country with low levels of human development has more difficulty in improving institutions and increasing productivity and potential growth. In turn, lower unequally distributed growth heightens the risk of conflict, potentially trapping a country in a loop.

Economic crisis

36. The consequences of the current economic difficulties facing the Sudan in regard to the living conditions of the population are quite serious. Real per capita income of the majority of the population is likely to be affected by inflation and negative growth rates of GDP. Unemployment rates, which are already high, are expected to increase further owing to the contraction in national income and the discouragement of investment decisions. Serious cuts in government spending, which were adopted by fiscal authorities to control budgetary deficits, will affect pro-poor spending, particularly allocations to basic social services and subsidized goods. Hence, government ability to render adequate and accessible social services will be affected owing to lack of adequate resources on the one hand and the steady increase in military spending, further induced by the spread of conflict to new areas, on the other. In the presence of high inflationary pressures and persistent inequalities, access to basic social services will be limited, leading to low human development achievements. Moreover, low access to social services affects productivity and human and institutional capacities. Ultimately, lack of and limited access to social services will lead to socioeconomic instability, which in turn contributes to continuation of the conflict and low human development trap.

Wide disparities in development

37. There are disparities among the Sudanese, by gender and by region. Historically, the country's growth process has been unbalanced: the majority of its manufacturing firms and irrigated land is concentrated in the centre, with a huge disparity in development indicators between the best and worst performing regions. Outcomes from the national baseline household survey (2009) for a number of the Millennium Development Goal-related indicators confirm that the major challenge facing progress by the Sudan towards achievement of the Goals is the massive inequality in outcomes and access to services. The significant development disparities between urban and rural areas and among regions contributed to growing inequalities and an increasing urban informal economy. This state of affairs has aggravated migration from rural to urban centres, which is believed to have weakened agricultural productivity.

External debt

38. The Sudan has been increasingly crippled by an accumulated large, unresolved external debt, which will directly impact upon the nation's development. Current external debt reached $43.2 billion in 2012, representing about 71.4 per cent of GDP. The bulk of the debt (69 per cent) is from bilateral creditors (Paris and non-Paris Club), while multilateral debt represents only 13 per cent. Commercial bank debt and supplier credit represent 13 per cent and 5 per cent of total debt, respectively.

39. Meeting current debt service commitments has meant the diversion of considerable national revenue resources that could alternatively be directed towards development and social needs and, hence, poverty reduction. The burden of debt and the inability of the Sudan to achieve direct access to concessional financing undermine its prospects in regard to economic feasibility in the short, medium and long term. Similarly, its ability to attract foreign direct investment is constrained.

40. According to an analysis conducted by World Bank, IMF and the Central Bank of Sudan, the nation's debt is unsustainable. This means that the Sudan cannot service the debt and make advances in reducing poverty and achieving the Millennium Development Goals. The Sudan has been making payments in excess of obligations falling due to IMF and small token payments to the World Bank and the African Development Bank. With the independence of South Sudan, the Government of the Sudan has entered into negotiations with the Government of South Sudan over apportionment of the stock of external debt. However, the burden of debt remains heavy, and is likely to be heavier on a per capita basis and, with much lower export receipts, the debt distress of the Sudan will become more severe. Pending the provision of debt relief from creditors, the Government of the Sudan will maintain a prudent borrowing policy, with reliance on concessional borrowing. The Government will also continue to monitor its external debt and publish the results.[16]

Economic sanctions

41. The long-standing unilateral economic sanctions have caused serious damage to the economy and people of the Sudan as they have hindered, among other things, access to such international debt relief initiatives as the Heavily Indebted Poor Country Initiative and other potential sources of financial assistance. Sanctions have hit the population hard and have affected agriculture as the United States ban prevented access by the Sudan to improved seeds and modern agricultural equipment. Moreover, gum Arabic, the fourth largest of Sudan's agricultural exports, has been affected, despite exemptions, owing to other related sanctions (banking, insurance etc.).

42. The comprehensive trade and economic embargoes considerably impede trade and the development of the Sudanese economy. According to a United Nations report, the economic sanctions imposed on the Sudan have harmed the country's economy, as well as its infrastructure, both of which have been badly affected. Furthermore, restrictions on access to the United States market have hampered exports, decreased potential income and had a negative impact on the economic development of the Sudan. These factors have all contributed to delaying the achievement of the 2015 Millennium Development Goals.[17]

[16] "Sudan: interim poverty reduction strategy paper", IMF Country Report No. 13/318 (Washington, D.C., October 2013).

[17] Report of the Secretary-General on unilateral economic measures as a means of political and economic coercion against developing countries (A/66/138).

Impact of economic sanctions on health

The major impacts of sanctions on health occur through their effect on the importation, production and distribution of vital goods. The limitations caused by sanctions on the importation of medicines and other survival-related materials due to disruption of commercial arrangements, complications in transportation and lack of capital have directly contributed to weakening the Sudanese health services system. The functional capacity of the health-care system has also deteriorated.

Economic sanctions on the Sudan have limited the access to clinical health services. They have also resulted in shortages of medications. Furthermore, the lack of minimal life-saving facilities at the first referral level, such as equipment, personnel and know-how, even in referral hospitals, and the lack of access to spare parts and international professional training have led to the loss of essential medical assistance and faulty patient management.

The limited ability to import vital goods accompanied by the reduction in the states' funds has contributed directly to weakening the health infrastructure. Thus, the ability to correctly diagnose or treat common diseases has been crippled. An inadequate health-care system with misplaced priorities contributes to high morbidity and mortality rates. The degree of major infectious diseases is very high, leading to an overall increase in morbidity and mortality rates that has become part of the endemic pattern of the precarious health situation. (Susan Hamid, "The ramification of economic sanctions on the health service system: a comparative study of the Sudanese health service system before and after economic sanctions", unpublished Master's thesis, Oslo and Akershus University College of Applied Sciences, Faculty of Social Sciences, 2013.)

Unemployment

43. Poverty is widespread and, according to moderate estimates, approximately 46 per cent of the population is poor. These facts, when added to the fact that the population is predominantly young, put the issue of unemployment/employment among the top development challenges.

44. There is a structural workforce problem, as the rate of increase of the workforce (2.3 per cent) was close to population growth (2.6 per cent) during the period 1993-2011. The expansion of the absorptive capacity of the economy was too limited to accommodate the increasing numbers of job seekers, resulting in an annual growth rate of unemployment of 6.5 per cent during the same period. In 2011, the total unemployment rate was estimated at 18.5 per cent: 13.3 per cent for males and 32.1 per cent for females. Disparities also appear between rural and urban areas, with unemployment ratios of 16.0 per cent and 22.9 per cent, respectively. The high rate of growth in unemployment (6.5 per cent), resulting from the high rates of growth of the population and workforce on the one hand and the low rate of

employment on the other, clearly demonstrates the inability of the economy to create job opportunities to match the growth in workforce.[18]

Environmental degradation

45. The Sudan is a very rich country in terms of natural resources, endowed with a huge and diversified number: fertile land, natural forests, fresh water, biodiversity, wild and domestic animal stock, marine ecosystems, and mineral and soil resources. The country has been faced with various environmental problems, including desertification and land degradation, water pollution, deforestation, soil erosion and deterioration in biodiversity.

46. The environmental situation in the Sudan is suffering from a serious process of degradation, which could be irreversible. Most of the once-abundant and varied wildlife has disappeared, and agropastoral development is constrained by increasing desertification, erratic seasonal rainfall and successive dry spells. Deterioration in biodiversity and pressures on habitats are growing as more areas are opened to development and investors. The impact of petroleum prospecting, drilling and transport on habitats, and especially that of produced water on migratory birds, is very disturbing. More than one half of the country is affected by desertification as a result of inappropriate land-use methods, overgrazing and deforestation. Soil erosion is a major problem resulting from the repeated use of fire deforestation and drought.[19]

Migration

47. Massive population movement represents one of the serious challenges facing the Sudan. A post-South Sudan separation migration country profile of the Sudan highlighted that 6.9 million people are affected by migration and displacement to, from and within the Sudan. With 4.9 million internally displaced people, 750,000 foreign migrants and refugees living in the Sudan and at least 1.2 million Sudanese living abroad, compared with a total population of 39.2 million, the country faces enormous challenges in effectively managing migration.[20]

Weak human and institutional capacities

48. Development of the workforce in the Sudan is characterized by low educational attainment as well as stagnant capacity and limited standards of technical education and vocational training. At higher education levels, the skills of the labour force are out of balance with market demands and affected by a significant brain drain to Middle Eastern countries. With regard to instructional capacities, the Joint Assessment Mission identified six broad areas for capacity-building reforms in the Sudan that would enhance the capacity of the State in regard to better management of the economy and service provision, the public service,

[18] Elnaeem Suliman, "Labour force in Sudan 2011", paper presented to a workshop on analysing the results of the Labour Force Survey 2011, held in Khartoum in December 2013.

[19] Ministry of Welfare and Social Security, Sudan National Population Council, "Sudan Millennium Development Goals progress report 2010" (Khartoum, 2010).

[20] International Organization for Migration, "Migration in Sudan: a country profile" (Khartoum, 2011).

local government and service delivery, the decentralization framework, public financial management, public procurement and corruption.[21]

Ineffective development partnerships

49. Development assistance to the Sudan has been limited, constituting less than 0.5 per cent of GDP and around 3 per cent of the budget. Besides, official development assistance (ODA) has been criticized as being built mostly on political and economic conditionality, overshadowed with mistrust and mostly directed to humanitarian assistance rather than development. Moreover, in a clear departure from the pillars of the Paris Declaration on Aid Effectiveness, a significant share of donor assistance to the Sudan (about 75 per cent) has been implemented through United Nations agencies, international non-governmental organizations and international private contractors. Pooled funding has been the dominant modality, the World Bank and the United Nations the largest implementing agencies, and the largest amount of support comes through the Multi-donor Trust Fund. A recent report from the Ministry of Finance reveals that most of the successful donor-supported projects were those under government execution.

50. Projects implemented through United Nations agencies and non-governmental organizations have been characterized by a number of shortcomings, including: late starting date and delays in project completion; late transfer of financial resources from headquarters; prolonged recruitment procedures; delays in the deployment of international staff; high rate of staff turnover; technical assistance not embedded within the beneficiary premises; high cost and share of technical assistance components; costly project management units and parallelism; risk of lack of ownership; minimum contribution to capacity-building; fewer results on the ground; and sustainability risk. On the other hand, government response to ODA facilitation seems to be slow, which has affected the performance of donor-supported development projects.[22]

IV. Critical role of development partners in addressing development challenges in the Sudan

51. Development partners can play a substantial role in addressing the various development challenges facing the Sudan through the provision of support in four areas described below.

Economic sanctions

52. It has been quite evident that economic sanctions have a deeply negative impact on the realization of development objectives. Therefore, the international community is urged to support the endeavours of the Sudan to eliminate and alleviate the unilateral economic sanctions.

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[21] UNDP, World Bank and Government of the Sudan Joint Assessment Mission, "Clusters report", vol. III (Khartoum, 2005).

[22] Sudan Ministry of Welfare and Social Security, National Population Council, "National consultation paper on the post-2015 development agenda" (Khartoum, 2013).

External debt

53. External debt will continue to limit the ability of the Sudan to benefit from ODA and other sources of funding needed for development projects. The Sudan is eligible for the Heavily Indebted Poor Countries Initiative and Multilateral Debt Relief Initiative sponsored by the Bretton Woods institutions but is unable to benefit from them.

Reintegration into the world economy

54. In order to be integrated into the world economy through effective trade relationships the Sudan is in need of support. This is one of the major areas in which the support of development partners is critically important. For instance, the Sudan is yet to join the World Trade Organization and has encountered political conditionality.

Support for reconstruction and peacemaking

55. The reconstruction of conflict-affected areas and peacemaking are issues of top priority for the Sudan. Development partners can play a crucial role in achieving sustainable peace by providing various types of development support.

V. Meeting the development needs of the Sudan: priority areas for immediate intervention

56. The following issues need to be addressed:

- High vulnerability of the economy to external shocks due to heavy dependence on oil and limited share of other productive sectors, namely agriculture and industry.
- Lack of inclusive and broad-based economic growth as a serious threat to economic growth and peace.
- The large and rapidly growing public sector can be an impediment to the development of a robust private sector that is already functioning under conditions of economic uncertainty and a climate non-conducive to investment.
- The high levels of unemployment associated with the limited absorptive capacity of the economy to accommodate the increasing numbers of job seekers remain a major threat to political stability and human security in the country.
- Widespread poverty associated with lack of inclusive growth and unequal income distribution.
- Concentration of poverty among rural households poses the challenge of enhancing investment in the traditional rural economy and investment in building the capabilities of rural communities.
- Regional inequalities constitute a big challenge to peace and stability and long-term development in the country.
- Challenges related to accessibility to basic social services due to the vastness of the country, shortage of facilities and personnel, inadequacy of infrastructure, maldistribution of the existing facilities and cadre, increasing

cost of services, widespread poverty, shortage of funds and prolonged conflict and violence.

- The challenges of extending the coverage of basic education, reducing inequities, building capacity and developing institutions.
- In health, the important and pressing challenge is to expand service coverage to the majority of the population, particularly in the disadvantaged rural areas.
- The development agenda for the infrastructure sector consists mainly of maintenance of infrastructure, development of capacity and systems, and reform in order to improve safety, security and performance.
- Social protection and safety nets are challenged by the inability to cope with the growing number of needy people and vulnerable groups. Finance and management issues are among the main concerns.
- Addressing the complicated issue of internally displaced persons and returnees constitutes a real challenge.
- Accelerated rural-to-urban migration, which has negative impacts on both sending and receiving areas, constitutes a major challenge.
- Support of capacity development for the effective implementation of the country's population strategy and policies is very much needed.
- Gender-based violence and gender-based inequalities in employment and decision-making need more consideration.
- Members of the population with special needs, especially the disabled, the homeless and street children, require special attention.
- Brain drain, especially of professionals and skilled labour, is an acute problem inflicting present-day Sudan and requires paramount attention.
- Institutional and human capacity development in planning, policy formulation, implementation and monitoring is an essential development challenge.
- Several challenges need to be met in order to fill data gaps and deficiencies in national information. Considerable resources are required in order to generate improved statistics, logistical fieldwork support and data processing.

VI. Recommendations for the post-2015 development agenda

57. Recommendations for the post-2015 development agenda are as follows:

- There is a need for the production of a text reference for the new post-2015 development agenda, similar to the United Nations Millennium Declaration and to the detailed implementation framework of that Declaration, not only the discussion of quantitative goals and objectives.
- Emphasis should be placed on integrating the two dimensions of political/institutional and cultural development in the conceptual development framework and in any new development strategy.
- It is important to include specific goals relating to security, peace and governance in the new post-2015 goals.

- The global agenda should be integrated into national development plans after adapting the new set of goals in accordance with national requirements.
- There is a need to reform the international political and economic system to make it more equitable.
- International organizations should commit to dealing effectively with the new agenda as a coherent, integrated package, and avoid previous sectoral conduct.
- There is a need to review the directions of macroeconomic policies in the light of the newly designed Goal 8 on a global partnership, avoiding pressure on national policies that would increase social problems and a negatively impact development.